

VZCZCXYZ0001
RR RUEHWEB

DE RUEHNJ #1400 3401530
ZNR UUUUU ZZH
R 061530Z DEC 06
FM AMEMBASSY NDJAMENA
TO RUEHC/SECSTATE WASHDC 4666
INFO RUCPDO/US DOC WASHDC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHYD/AMEMBASSY YAOUNDE 1429
RUEHDK/AMEMBASSY DAKAR 1244
RUEHUJA/AMEMBASSY ABUJA 1333
RUEHNM/AMEMBASSY NIAMEY 2876
RUEHFR/AMEMBASSY PARIS 2050
RUEHLO/AMEMBASSY LONDON 1611
RUEHLC/AMEMBASSY LIBREVILLE 0953
RUEHBS/USEU BRUSSELS

UNCLAS NDJAMENA 001400

SIPDIS

SENSITIVE
SIPDIS

DEPT FOR AF, EB, TREASURY FOR OTA, LONDON AND PARIS FOR
AFRICA WATCHERS

E.O. 12958: N/A
TAGS: [ECON](#) [EFIN](#) [ENRG](#) [EPET](#) [PGOV](#) [CD](#)
SUBJECT: CHAD: GOVERNMENT, WORLD BANK AND IMF AGREE ON 2007
BUDGET

REF: NDJAMENA 1307

1. (SBU) SUMMARY: The World Bank and the IMF and the Government of Chad have been able to agree on what the Bank believes is a sustainable budget for 2007. A Bank mission will return in mid-December to continue work on a stabilization mechanism for unspent oil revenues and finalize a poverty reduction strategy paper. END SUMMARY.

BANK, GOC AGREE TO BUDGET

2. (SBU) On November 21, during a briefing with representatives of the donor community, World Bank mission leader Marie-Francoise Marie-Nelly stated that the GOC and the Bank/IMF team had finally been able to agree on a sustainable 2007 budget. Marie-Nelly noted that after a series of meetings and presentations to GOC officials, including Prime Minister Pascal Yoadminadji and Minister of Finance Abbas Tolli, the Government finally agreed to reduce its spending budget from 200 billion FCFA (400 million USD) to approximately 132 billion FCFA (264 million USD). Marie-Nelly pointed out that the Prime Minister appeared to develop a better understanding of the impact that the volatile oil markets and Chad's limited oil reserves would have on the country's ability to generate petroleum revenues in the long-term.

SOME CONCERNS REMAIN

3. (SBU) Marie-Nelly said that World Bank and IMF were still concerned with the limited scope of the country's non-oil revenues, which only accounted for ten percent of the national GDP. He indicated that a sustainable budget framework would have the non-oil GDP in the range of at least 16 % (consistent with other oil-producing countries in the region). The World Bank and IMF proposed that the GOC place more emphasis on capturing customs revenues through better inspection of incoming merchandise, and work to ensure that incoming revenues enter the Public Treasury without being lost to corrupt GOC authorities.

¶4. (SBU) Marie-Nelly also expressed concern that GOC's decision to reorganize the Public Treasury and hire new officials would hinder reform efforts, as the reorganization would bring in a number of civil servants who lacked experience in budget and finance. The World Bank, according to her, was planning to hire a French consultant to assist Minister Tolli's efforts to reorganize his office and streamline the Ministry's workload.

- - - - -
NEXT STEPS
- - - - -

¶5. (SBU) Marie-Nelly said that a mission would return in mid-December to work with the GOC on developing a stabilization mechanism to invest unspent oil revenues, and finalize the GOC's Poverty Reduction Strategy Paper (which was now scheduled to be implemented in August 2007). She also said a group of European parliamentarians would visit in mid-December to stress the importance of poverty reduction initiatives to GOC authorities.

WALL